Exemption to Functional Export Oriented Unit from Payment of Tax

†1297. SHRI KAPIL SIBAL:
SHRI RAJ MOHINDER SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are contemplating to exempt the functional export oriented unit from payment of tax for the next ten years;

(b) if so, the facts in this regard and reasons for this decision;

(c) whether Government have conducted any study with regard to the economic loss to be suffered due to such tax exemption; and

(d) if so, the estimate with regard to average annual loss?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) No, Sir. The exemption of functional export oriented units from payment of tax for the 'next ten' years is not contemplated. However, the law which provided for tax holiday for five consecutive years to export oriented units was amended by Income-tax (Amendment) Act, 1998 to extend the period from five consecutive years to ten consecutive years. The existing functional units became entitled to further tax holiday for only the unexpired number of years in ten initial consecutive years.

(b) to (d) Do not arise in view of (a) above.

Newsitem Captioned "U.P. Blames Centre for the Debt Trap"

†1298. SHRI KAPIL SIBAL:
SHRI RAJ MOHINDER SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the newsitem published in the Hindustan Times dated 17th August, 1999 under the caption "U.P. blames Centre for the debt trap";

(b) if so, whether it is a fact that the representatives of U.P. Government have held the economic policies of Central Government

†Original notice of the question received in Hindi.

responsible for the miserable economic condition of Uttar Pradesh which is burdened with the loan amount of 58,350 crore rupees; and

(c) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) According to the news items referred to in part (a) of the question, UP Government allegedly, has referred to Central policies in the memorandum submitted by them to the Eleventh Finance Commission.

The Finance Commission is appointed by the President of India under Article 280 of the Constitution to make recommendations for distribution of resources between the Centre and the States within its term of reference. Centre as well as State Governments are free to submit their views before the Finance Commission. Government of India does not consider it appropriate to comment on the submission made by any State Government before the Finance Commission.

Collection of Corporate Tax

1299. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there has been drop in the collection of corporate taxes in the first quarter of this financial year as compared to the corresponding period in the previous years;

(b) if so, the reasons therefor; and

(c) the steps taken by Government to increase the tax collection from them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) Yes, Sir.

(b) During the first quarter of this financial year, the refund issued are more where as payment of 1st instalment of advance tax made by the corporate assessees is less in comparision to the corresponding period of last year.

(c) Intensive monitoring of advance tax collection as well as tax deducted at source and payment of regular demands has been